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**Colloquy Between Senate Budget Committee Chairman Kent Conrad and
Budget Committee Ranking Member Judd Gregg
On the Bipartisan Task Force on Responsible Fiscal Action Act
December 10, 2009
(unofficial transcript)**

Mr. Conrad: This is the headline from "Newsweek" December 7. In fact, it was a cover story: "How Great Powers Fall. Steep debt, slow growth, high spending kill empires -- and America could be next."

If you go to the story -- and, by the way, interestingly enough, this is on December 7, Pearl Harbor day. If you go into the story that's in the magazine, it says -- and I quote -- "This is how empires decline. It begins with a debt explosion. It ends with an inexorable reduction in the resources available for the Army, Navy, and Air Force ... If the United States doesn't come up soon with a credible plan to restore the federal budget to balance over the next five to 10 years, the danger is very real that a debt crisis could lead to a major weakening of American power."

All we have to do is look at the facts. This shows the debt of the United States from 2001 projecting to 2019. Obviously, the first half of this chart is not a projection; it has already happened. We are approaching a debt that is 100 percent of the gross domestic product of the United States -- the highest the debt has been since after World War II, the only time in our nation's history it has been that high. And the projection is by 2019 the debt will be 114 percent of the gross domestic product of the United States.

More alarming, the Congressional Budget Office's long-term outlook says that we will have a debt that will reach 400 percent of the gross domestic product of the United States by 2050 on the current trend line. No one believes that is a sustainable circumstance. We have had testimony from the head of the Government Accountability Office, the Congressional Budget Office, the Secretary of the Treasury, the Chairman of the Federal Reserve, all saying this is a completely unsustainable circumstance.

The Congressional Budget Office said this in June of 2009: "The difficulty of the choices notwithstanding, CBO's long-term budget projections make clear that doing nothing is not an option ..." Doing nothing is not an option.

The National Journal, in an article entitled, "The Debt Problem Is Worse Than You Think," said this in a story just weeks ago: "Simply put, even alarmists may be

underestimating the size of the (debt) problem, how quickly it will become unbearable, and how poorly prepared our political system is to deal with it."

I hope people are listening. I hope they're paying attention. I hope our colleagues are.

A group of us yesterday introduced legislation to confront this debt threat head-on. There are now 31 cosponsors of that legislation: 18 Republicans, 13 Democrats.

And that legislation offers the following:

- To address the unsustainable long-term fiscal imbalance, that a task force should be created with everything on the table.
- It would consist of 18 members -- eight Republicans from the Congress, eight Democrats from the Congress, and two representatives from the Administration.
- All task force members must be currently serving in Congress or the administration, so they are accountable to the public.
- If 14 of the 18 members could agree on a report, that report would come to Congress for a vote; no filibustering, a straight up-or-down vote on the recommendations.
- The report would be submitted after the 2010 election, to insulate it from politics; and the vote would be designed to occur before the end of the 111th Congress.
- It would receive fast-track consideration in the Senate and the House. There would be no amendments. It would be a straight up-or-down vote. A supermajority of the House and the Senate would have to vote for it, and the President would retain his ability to veto.

So this is legislation that is designed to get to the floor of the House and the Senate, legislation to deal with our long-term debt threat, to face up to it. All of us know with a problem, the sooner you deal with it, the less draconian the solutions need to be.

For those who say this poses a threat to Social Security and Medicare, just the opposite is true. A failure to act is what threatens Social Security and Medicare. The trustees of Medicare have told us Medicare will go broke in eight years. They have also told us Medicare is cash negative today. That means more money is going out than is coming in. The same is true of Social Security today. It is cash negative.

Now is the time. We are the ones who have an opportunity to help our country face up to a critical threat to the economic security of America.

Some suggest the bill before us on health care is an example that the regular order will deal with this problem. Again, I believe just the reverse is true. I believe the health care bill before us does modestly deal with the deficit and debt. Modestly. But it doesn't come close to dealing with the debt bomb that I have outlined.

In fact, the reality is we are on a course that is absolutely unsustainable. It is our responsibility to face up to it. In our past, we have chosen special processes, commissions, a summit, or some other special process to deal with fiscal challenges, because we have learned in our history that going through the regular process, the regular order is simply not going to succeed.

I have been here 23 years. I am on the Finance Committee. I'm Chairman of the Budget Committee. I've been on those committees for many years. If there is one thing that is absolutely clear to me is that the regular order cannot and will not face up to a crisis of this dimension.

It is going to take a special process, a special commitment of the members here and representatives of the Administration to develop a plan that gets us back on track. And it is going to take a special process to bring that plan to this floor for a vote, up or down. That holds, I believe, the best prospects for success.

I believe this is a defining moment for this Chamber, for this Congress, for this Administration. And it is imperative that we find a way to deal with this debt threat. It poses one of the most dramatic challenges to American economic strength that we have confronted in the history of this country. It is time to stand up and be counted. Thirty-one of us have sent forward a proposal, a bipartisan proposal, one that would assure a vote on a plan to bring America back from the brink. Let's give it a chance.

I want to especially thank the Ranking Member, Senator Gregg, for his energy, his commitment, and his devotion to facing up to, I believe, one of the greatest challenges confronting America.

Mr. Gregg: Mr. President?

The Presiding Officer: The Senator from New Hampshire.

Mr. Gregg: It is an honor to join with the Chairman of the Budget Committee. We've worked together for awhile and have a piece of legislation which accomplishes the goals as they have been outlined by the Senator from North Dakota, and that's good news. And really the outpouring of support here in the Senate -- over 31 co-sponsors in just a very short time -- is a sign they are willing to move in this area, and that's good news.

Right now in this country, after the possibility of a terrorist getting a weapon of mass destruction and using it against us somewhere here in the United States, the single biggest threat that we face as a nation is the fact that we're on a course toward fiscal insolvency. You can't get around it. If we continue on the present course, this nation goes bankrupt.

We're already seeing the early signs of it, and the early signs are devastating enough. We're seeing some of the nations who lend to us -- we're a debtor nation of massive proportion -- say 'you're not being responsible.' Two days ago we saw Moody's

say that England and the United States now are going to be put in a special category relative to the rest of the industrialized world because their fiscal situation is in such risk and they're not managing their fiscal house correctly.

We know, as the Senator from North Dakota outlined so correctly, that really within ten years, maybe sooner, we're going to get to a point where our debt has gotten so large we simply can't pay it. Or if we have to pay it, we're going to have to do some extraordinary things to do that, such as inflating the currency or raising taxes to a level where we reduce productivity.

It's like a dog chasing its tail when you get your debt to a certain level. When you've spent so much more than you've taken in and your debts get to such a level, when you're a nation, you only have two choices: you inflate the currency and destroy the quality of people's lives by destroying the value of their savings and putting in an inflation economy, which is one of the worst things that can happen to a country. Or you have to radically increase your tax burdens to levels which are simply going to choke off the capacity of a nation to create prosperity because people aren't going to be able to be productive. And you'll start to lose tax revenues as a result of that.

So this is not a theoretical case. This is no longer something that's on the horizon. This is directly in front of us, this problem. Directly in front of us. We're hearing it from the people who lend us money. We're hearing it from the rating agencies. And we know it just from intuition and common sense. Most Americans know this problem is extraordinary.

We got together and worked on [a bipartisan task force] for a long time. Yes, regular order should take care of this, but it won't. We know that. We know that because we've seen what happens. When you put an idea on the table, any of these programs which affect so many people in such a personal way, immediately -- immediately -- those ideas are attacked and savaged and misrepresented and exploited and exaggerated and hyperbolized by the interest groups which populate this city for the purposes of making their political agenda move forward or their money-raising agenda move forward.

We've seen it time after time after time when substantive, good ideas have been put on the table to try to correct this fiscal imbalance by dealing with the questions of Social Security and Medicare, we get clobbered. We get clobbered on the policy side. It's from the right and the left. The exercise is equally outrageous and equally destructive of constructive public policy.

So we came to the conclusion that the only way you could do this is create a process which drives the policy, rather than put the policy on the table first and have everybody jump on it, shoot at it and kick it and destroy it so it never gets to the starting line for all intents and purposes. We decided, 'let's put together a process which leads to policy, which leads to an absolute vote.'

The whole theory behind this process is basically three things. One, the process has to be absolutely fair and bipartisan. Nobody can feel they're being gamed. The American people won't allow major policy to occur in these areas unless they're comfortable the policy is bipartisan and fair. And so this process that we've set up is bipartisan and fair. It's 18 people. We decided to go with people who actually have the responsibility for making the decisions and who understand the issues intimately. Sixteen, as mentioned by the Senator from North Dakota, from the Congress equally divided -- eight Republicans, eight Democrats and two from the Administration. And the co-chairmen are from each party. And then a supermajority is needed to report. That gives you your bipartisan nature

The second thing that was critical to this exercise is that it be real; that it not end up being a game. We've seen so many of these commissions end up being just, you know, commissions. Just be commissions, and you know, they put their report out. They're usually very good reports but end up on a shelf. Something has to happen under this. What happens is when this commission reports with a supermajority, it comes to the Congress and by supermajorities, it must be voted up or down. So there is an absolute right to a vote, and the vote occurs on the policies that are proposed. That is critical, critical to this. It's much along the lines of what we did with military base closures, for much of the same reasons. We couldn't close bases politically so we did this program of fast-track approval.

The third thing that is critical is no amendments. Why no amendments? An amendment allows Senators to hide in a corner. Somebody throws up an amendment, even if it is well-intentioned, and if it doesn't pass, people say, 'the amendment didn't pass, so I'm not going to vote for a bill.' If it's a policy that is bipartisan, recommended by a supermajority, therefore it's a fair policy or it's not. If it doesn't attract a bipartisan supermajority in Congress, clearly it wasn't well thought out.

That's the process we've come to. And the amount of sponsors we have, I think, reflects the fact that it's viable and reflects the fact that it's bipartisan. Here we've got 13 Democratic sponsors already, 18 Republican sponsors. What else around here has that type of sponsorship that's serious legislation? This is it.

I congratulate the Senator from North Dakota for his efforts here. I'm hopeful we can get a vote on it. I'm hopeful it will pass. I'm hopeful we can get the White House support and House support and do this. We're running out of time. If we don't accomplish this fairly soon, the outcome is very simple. We will pass on to our children less opportunity, a lower standard of living, and a weaker nation than we received from our parents. No generation in American history has done that. But that's exactly what's going to happen if we don't take action. How can one generation do that to another generation? In American history it's never happened. This is an opportunity to avoid having that occur, or at least to help avoid having that occur. And so I certainly hope that it will move forward. At this point I reserve the balance of our time.

Mr. Conrad: Let me sum up by saying this: I have been here 23 years. We saw the debt double in the previous eight years. We know the debt is scheduled to more than double over the next eight years if we fail to act. That will be a debt, as I indicated earlier, of well over 100 percent of the gross domestic product of the United States.

The Congressional Budget Office tells us on the current trend line we are headed for a debt that will be 400 percent of the gross domestic product of the United States. That is absolutely beyond the pale. We know from every serious expert that advises the Congress of the United States that we can't go there. We can't possibly be on a course to have a debt that is 400 percent of the gross domestic product of the country.

And the question is: what do we do about it? There are some who say, well, you stick with the status quo approach. Well, it hasn't worked so far. Why is there any reason to believe it will work now?

I would say the health care legislation before us is a perfect example. The President had a health care summit. The President had a fiscal responsibility summit. And at those summits, it was asserted, and I think well-intended, that the health care reform would deal with a major part of the debt projection facing us.

Well, here we are. My belief is this bill does modestly reduce the deficit in the short and long term. But it in no way deals with a trajectory that's headed for a debt of this country of 400 percent of the gross domestic product because when you're in this circumstance, though the regular legislative process just cannot face up to short-term pain in exchange for long-term gain. It won't do it.

This is our opportunity. We must act.